

**ND RETIREMENT AND INVESTMENT OFFICE**  
**Combined Balance Sheet**  
**As of 8/31/2004**

|   | As of<br>8-31-04               | As of<br>6-30-04               |
|---|--------------------------------|--------------------------------|
| <b>ASSETS:</b>                                      |                                |                                |
| <b>INVESTMENTS (AT MARKET)</b>                      |                                |                                |
| DOMESTIC EQUITIES                                   | \$ 1,331,666,782               | \$ 1,408,965,677               |
| INTERNATIONAL EQUITIES                              | 593,696,370                    | 619,279,473                    |
| DOMESTIC FIXED INCOME                               | 1,468,411,435                  | 1,392,735,177                  |
| INTERNATIONAL FIXED INCOME                          | 134,573,181                    | 128,573,435                    |
| REAL ESTATE POOL                                    | 173,269,254                    | 171,657,037                    |
| VENTURE CAPITAL                                     | 121,171,803                    | 119,537,408                    |
| INVESTED CASH (NOTE 1)                              | <u>100,464,434</u>             | <u>105,239,583</u>             |
| <b>TOTAL INVESTMENTS</b>                            | <b>3,923,253,259</b>           | <b>3,945,987,790</b>           |
| <b>RECEIVABLES</b>                                  |                                |                                |
| DIVIDEND/INTEREST RECEIVABLE                        | 15,566,085                     | 17,548,500                     |
| CONTRIBUTIONS/ASSESSMENTS REC                       | 854,877                        | 6,354,427                      |
| MISCELLANEOUS RECEIVABLES                           | <u>705</u>                     | <u>2,370</u>                   |
| <b>TOTAL RECEIVABLES</b>                            | <b>16,421,667</b>              | <b>23,905,297</b>              |
| <b>OTHER ASSETS</b>                                 |                                |                                |
| OPERATING CASH (NOTE 2)                             | 7,754,827                      | 8,511,301                      |
| DUE FROM OTHER AGENCIES (NOTE 3)                    | 77,239                         | 144,636                        |
| FIXED ASSETS (NET) (NOTE 4)                         | <u>423,388</u>                 | <u>423,388</u>                 |
| <b>TOTAL ASSETS</b>                                 | <b><u>\$ 3,947,930,380</u></b> | <b><u>\$ 3,978,972,412</u></b> |
| <b>LIABILITIES:</b>                                 |                                |                                |
| ACCOUNTS PAYABLE                                    | 2,855,641                      | 2,975,624                      |
| ACCRUED EXPENSES                                    | 339,248                        | 402,723                        |
| CAPITAL LEASES PAYABLE                              | 12,945                         | 12,945                         |
| DUE TO OTHER AGENCIES (NOTE 5)                      | <u>77,237</u>                  | <u>144,636</u>                 |
| <b>TOTAL LIABILITIES</b>                            | <b>3,285,071</b>               | <b>3,535,928</b>               |
| <b>NET ASSETS AVAILABLE:</b>                        |                                |                                |
| NET ASSETS AVAILABLE BEGIN OF YEAR                  | 3,975,436,484                  | 3,478,716,828                  |
| CASH IN DURING YEAR (NOTE 6)                        | 56,425,215                     | 286,853,033                    |
| CASH OUT DURING YEAR (NOTE 7)                       | 45,680,075                     | 291,355,037                    |
| NET INCREASE (DECREASE)                             | <u>(41,536,315)</u>            | <u>501,221,660</u>             |
| <b>NET ASSETS AVAILABLE END OF PERIOD</b>           | <b><u>3,944,645,309</u></b>    | <b><u>3,975,436,484</u></b>    |
| <b>TOTAL LIABILITIES &amp; NET ASSETS AVAILABLE</b> | <b><u>\$ 3,947,930,380</u></b> | <b><u>\$ 3,978,972,412</u></b> |

**ND RETIREMENT AND INVESTMENT OFFICE**  
**Combined Profit and Loss Statement**  
**For the Month Ended 8/31/2004**

|                                      | Month Ended<br><u>8-31-04</u> | <u>Year-to-Date</u>           |
|--------------------------------------|-------------------------------|-------------------------------|
| ADDITIONS:                           |                               |                               |
| INVESTMENT INCOME                    |                               |                               |
| INTEREST/DIVIDEND INCOME             | \$ 8,899,729                  | \$ 19,462,211                 |
| SECURITIES LENDING INCOME            | 511,000                       | 953,735                       |
|                                      | <u>9,410,729</u>              | <u>20,415,946</u>             |
| GAIN ON SALE OF INVESTMENTS          | 25,754,830                    | 51,399,407                    |
| LOSS ON SALE OF INVESTMENTS          | <u>22,564,188</u>             | <u>47,969,439</u>             |
| NET GAINS (LOSSES) INVESTMENTS       | 3,190,642                     | 3,429,968                     |
| INVESTMENT EXPENSES                  | 2,538,785                     | 2,982,564                     |
| SECURITIES LENDING EXPENSES          | <u>443,480</u>                | <u>798,770</u>                |
| NET INVESTMENT INCOME                | 9,619,106                     | 20,064,580                    |
| NET APPREC (DEPREC) MARKET VALUE     | 29,865,765                    | (48,975,219)                  |
| MISCELLANEOUS INCOME/(EXPENSE)       | <u>(194,602)</u>              | <u>(177,360)</u>              |
| TOTAL INVESTMENT INCOME              | 39,290,269                    | (29,087,999)                  |
| CONTRIBUTIONS & ASSESSMENTS (NOTE 8) | 935,530                       | 1,649,091                     |
| PURCHASED SERVICE CREDIT (NOTE 9)    | 270,316                       | 726,814                       |
| PENALTY & INTEREST (NOTE 10)         | <u>768</u>                    | <u>913</u>                    |
| TOTAL ADDITIONS                      | <u>40,496,883</u>             | <u>(26,711,181)</u>           |
| DEDUCTIONS:                          |                               |                               |
| BENEFITS PAID PARTICIPANTS (NOTE 11) | 7,032,729                     | 14,034,647                    |
| PARTIAL LUMP SUM BENEFITS PAID       | 0                             | 115,717                       |
| REFUNDS TO MEMBER (NOTE 12)          | <u>271,631</u>                | <u>403,659</u>                |
| TOTAL BENEFITS PAID                  | 7,304,360                     | 14,554,023                    |
| ADMINISTRATIVE EXPENSES              |                               |                               |
| SALARIES AND BENEFITS                | 74,361                        | 149,040                       |
| OPERATING EXPENSES                   | 115,462                       | 122,071                       |
| EQUIPMENT                            | <u>0</u>                      | <u>0</u>                      |
| TOTAL ADMINISTRATIVE EXPENSES        | <u>189,823</u>                | <u>271,111</u>                |
| TOTAL DEDUCTIONS                     | <u>7,494,183</u>              | <u>14,825,134</u>             |
| NET INCREASE (DECREASE)              | <u><u>\$ 33,002,700</u></u>   | <u><u>\$ (41,536,315)</u></u> |

**ND RETIREMENT AND INVESTMENT OFFICE**  
**Notes to Combined Financial Statement**  
**August 31, 2004**

The following notes to financial statements are intended to provide general descriptions of line items in the financial statements.

NOTE 1                      INVESTED CASH

Cash invested in the short-term investment fund (STIF/STEP) at The Northern Trust Company or a money market demand account at the Bank of North Dakota.

NOTE 2                      OPERATING CASH

Money market and checking accounts at the Bank of North Dakota and RIO's operating account at the State Treasurer's Office.

NOTE 3                      DUE FROM OTHER AGENCIES

Amounts paid in anticipation of the allocation of administrative expenses of RIO.

NOTE 4                      FIXED ASSETS

Office furniture and equipment capitalized by RIO, shown net of depreciation. Depreciation is calculated straight-line, over five years.

NOTE 5                      DUE TO OTHER AGENCIES

Amounts received from agencies in excess of amounts allocated for RIO administrative expenses.

NOTE 6                      CASH IN DURING YEAR

Cash transferred into investment accounts at either The Northern Trust Company or the Bank of North Dakota during the current fiscal year.

NOTE 7                      CASH OUT DURING YEAR

Cash transferred out of investment accounts at either The Northern Trust Company or the Bank of North Dakota during the current fiscal year.

**ND RETIREMENT AND INVESTMENT OFFICE**  
**Notes to Combined Financial Statement**  
**8/31/2004**

NOTE 8                      CONTRIBUTIONS & ASSESSMENTS

Assessments on teachers' salaries of 7.75 percent of salary plus a matching contribution paid by the employer unit, for a total contribution and assessment of 15.5 percent that must be remitted monthly.

NOTE 9                      PURCHASED SERVICE CREDIT

Payments received on the purchase of service credit for TFFR as allowed by the North Dakota Century Code.

NOTE 10                    PENALTY & INTEREST

Amounts charged to school districts for late payment or reporting of contributions and assessments.

NOTE 11                    BENEFITS PAID TO PARTICIPANTS

Monthly annuity benefits paid to retired teachers on the first of each month.

NOTE 12                    REFUND TO MEMBERS

Refunds of teachers' accounts who have ceased teaching in North Dakota.